![Norfolk Pension Fund logo]

Norfolk Pension Fund

Minutes of the Norfolk Pension Fund Pensions Oversight Board meeting held on Thursday 4 February 2021.

Present:

Chairman
Brian Wigg

Employer Representatives
Cllr Chris Walker   Poringland Parish Council
Debbie Beck until 11.30am   Norfolk County Council
Howard Nelson   DNEAT

Scheme Member Representatives
John Harries   Active / Deferred member
Peter Baker   Pensioner Member

Also Present
Jo Quarterman   Business Development and Project
                                     Manager, Norfolk Pension Fund
Glenn Cossey   Director of the Norfolk Pension Fund
Debra Keeling   Pensions Member Services Manager
Robert Mayes   Pension Fund Accountant
Mark Alexander   Pensions Manager
Robert Bilton   Hymans
Tim Shaw   Committee Clerk
Elaine Otway   Pension Fund Office Co-ordinator

1.   Welcome and Introduction

1.1   The Chairman welcomed all those present to what was the fourth "virtual" Teams meeting of the Pensions Oversight Board.

1.2   The Board was remined of the virtual meeting protocols by which this meeting would operate. The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 set out the framework for Councils to hold Council meetings remotely.

2   **Apologies for Absence**

2   An apology for absence was received from Rachel Farmer.

3.   **Minutes**

3.1   The POB agreed the minutes of the meeting held on 5 November 2020.

4.   **Declarations of Interest**

4.1   There were no declarations of interest.

5   **Items of Urgent Business**

5.1   There were no items of urgent business.

6   **Feedback from the virtual Pensions Committee meeting on 1 December and items to be raised at the 2 March 2021 meeting**

6.1   The POB noted that today's meeting would be the subject of a report to the Pensions Committee on 2 March 2021.

7.   **Norfolk Pension Fund Operational Update** (including ACCESS)

7.1   The POB received a presentation led by Glenn Cossey on Norfolk Pension Fund operational issues, including updates on ACCESS and the impact of coronavirus (Covid-19).

The operational update included:

- Staff wellbeing
  - At this point in the Covid-19 pandemic, management were constantly checking to ensure that they continued to have in place the right level of emotional and motivational support for staff to be able to deal with everyday issues that arose during the working day.
- Day to day admin operations, incl.
  - Latest performance data
    Norfolk Pension Fund performance data showed the resilience of staff. Service priorities were continuing to be met. This was against a background in which excess deaths were 30% above that of a normal year. It was recognised that this area of work had shown growth before the pandemic.
  - Website accessibility update
    Details regarding the proposed changes in the Norfolk Pension Fund website were circulated to POB members with the agenda papers. The website included general information about conflicting Government regulations on

issues such as the 95k cap and McCloud. More specific information about the difficulties created by these issues could not be included on the website at this stage. It was noted that the Norfolk Pension fund also remained responsible for hosting the national LGPS frameworks website.

➢ Investment and Accounts
POB Members attention was drawn to an article in the national press about the impact of the pandemic on infrastructure funds; a note about this would be circulated to POB members.

- ACCESS update
  ➢ On boarding: global equity mandates in November
  ➢ Post current contractual arrangements update. Hymans were providing support with this matter and recommendations were due to be made to ACCESS in March 2021.
  ➢ Communicating and key messaging. This was about being proactive in this area
  ➢ ACCESS had agreed on a new structure for onboarding of Illiquids.
  ➢ Responsible Investment (RI) / Environment, Social, Governance (ESG). ACCESS policy was being updated with the support of consultants.
  ➢ Budget for ACCESS Support Unit (ASU) which was being reprioritised as a result of the Covid-19 pandemic and the growth needed for two additional posts.

- Review of virtual meeting format
  ➢ At the request of the Chairman it was agreed that the use of virtual meetings should be an item on the agenda for the next meeting and that in the meantime POB Members should be encouraged to forward any comments to Jo Quarterman.
  ➢ The Chairman placed on record POB's appreciation of the commitment and hard work that was being shown by staff in dealing with issues raised by the pandemic and asked for a suitable comment to be included in the next edition of the staff newsletter.

8   Strategic Review Update

8.1   POB received an update on the implementation of the new Pensions Administration system and the rollout to Employers and Scheme Members.

8.2   The presentation provided an update on the following:

- Phase 1 of the Pensions Administration Software (procurement stage) workstream was complete. The new contract provided not only for core work and but also for work on employer and

scheme member modules. Work on the implementation of Phase 2 had begun.

- The strategic review included workshops with staff on six key employer processes
  - ➢ Contributions
  - ➢ Employers cessation
  - ➢ New admissions
  - ➢ Submission of data to the Actuary
  - ➢ The financial accounting of pensions
  - ➢ The triennial valuation
- Other work streams included governance, the structure of administration teams and the impact of new modules on workflow, staff recruitment, staff development and career paths.
- In answer to questions it was pointed out that progress on the implementation of new administration software and the changes in processes would be part of the future work programme.
- It was too early for pensions software updates across the LGPS to take account of the implications of the 95k Cap and McCloud.
- The new Pensions Administration Software provided for more onboarding options and options for direct digital communication with employers and scheme members. Rollout / onboarding would take place throughout 2021 and details reported to future meetings.

9   LGPS Reform

9.1   POB received an update about the ongoing national reform programme and other issues within the LGPS.

9.2   The presentation provided an update on the following regulatory reforms update and impact:

- £95k payment cap and reform - LGPS regulations were not expected before April 2021 at the earliest.
- McCloud –The Norfolk Pension Fund had what information it needed from employers. The remedy was not expected to impact on large numbers of scheme members but was expected to take up a large amount of work
- Valuation cycle and employer flexibilities - This was subject to a consultation process that formed part of the Norfolk Pension Fund funding strategy. Employers had been sent a newsletter and an opportunity to make comments about the new flexibilities.
- Climate risk and monitoring - MHCLG's expected consultation on the adoption of the Task force for Climate related Financial Disclosure within the LGPS
- Scheme Advisory Board's (SAB) development of an on-line A

to Z resource for the LGPS
- SAB's Good Governance project - This would be considered at a Scheme Advisory Board meeting on Monday of next week.
- TPR revised code
- Pensions Dashboard - Work was progressing.

10 Internal Audit reports
HEAT (Hymans Robertson Employer Asset Tracker) system

10.1 POB received a presentation by Rob Bilton of Hymans Robertson that provided an update about the tracking of employer assets and HEAT (Hymans Robertson Employer Asset Tracker) system (introduced shortly after the 2016 valuation).

10.2 Tracking employer assets

- The presentation explained:
  - Why employer assets were tracked
  - How employer assets were previously calculated and what has changed.
  - Hymans Robertson work in partnership with two LGPS funds to develop a new robust approach to tracking employer asset values.

10.3 HEAT system

- The presentation explained:
  - Overview of the system.
  - What the HEAT output was used for, including Formal Valuations (readily available asset values, communicating results to the employer)
  Ongoing employer work (e.g. cessations for employers exiting the fund)
  Accounting Valuations
  Sense check contributions against those recorded in HEAT
  Employer strategy returns directly fed into year-end reporting
  Strategy Reviews
  Monitoring existing strategies and helping discussion of possible future implementation of new/alternative strategies
  Output used for performance reporting to Pensions Committee

Answers were provided to Members detailed questions

11 Audit Reports

11.1 There were no current audit reports to report to POB. The one

remaining audit for the current financial year on cyber security was due to take place in March 2021.

11.2 A programme of audit days for 2021/22 was in place.

12 Risk Management

12.1 POB received the latest risk update and heat map taken to the December 2020 meeting of the Pensions Committee that showed movement between July and November 2020 in terms of governance, funding and investment and benefits administration The heat map picked up on issues associated with regulatory and performance requirements failure that represented an increased risk and were talked about during this meeting.

12.2 The risk register was continually updated and reported regularly to POB and Pensions Committee. The detailed risk report is taken to Pensions Committee at least twice a year, and a summary report at each meeting. The criteria for the definition of the risks was shared with Pensions Committee.

12.3 At POB's request the detailed risk register would be circulated to POB and risk management discussed in more detail at a future meeting. For the current heat map, the full executive risk register would be circulated to POB Members at the end of this meeting.

13 Knowledge, Skills and Training

13.1 POB received an update about plans for Knowledge, Skills and Training which included:

- General needs and plans/ POB specific needs and plans
- Draft training plan aligned with strategy in development
- Plans for Cybersecurity

14 Forward Work Programme

14.1 It was agreed that the forward work programme should include:

- The shape of Employer Services
- The implications of the new Pensions Administration Software for scheme members and employers.
- More detailed information about risk management and the heat map
- The results of an internal audit report on cybersecurity and training on this issue for POB Members and Members of the Pensions Committee

15   Future meetings

The dates were
27th May
9th September
11th November
10th February 2022

Chair